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C O N F I D E N T I A L BRASILIA 001411

SIPDIS  
FOR ASSISTANT SECRETARY ARTURO VALENZUELA  
FROM CHARGE D'AFFAIRES LISA KUBISKE

E.O. 12958: DECL: 2019/12/10

TAGS: [PREL](#) [OVIP](#) [BR](#)

SUBJECT: BRAZIL: SCENESETTER FOR THE DECEMBER 13-14 VISIT OF WHA  
ASSISTANT SECRETARY ARTURO VALENZUELA

REF: BRASILIA 1412 (EPD SCENESETTER)

CLASSIFIED BY: Lisa Kubiske, Charge d'Affaires, a.i.; REASON: 1.4(D)

Introduction: New Impetus to a Growing Relationship

[¶1.](#) (C) Mission Brazil warmly welcomes your visit to Brasilia. It is more than a courtesy to say that your trip comes at a significant time for U.S.-Brazil relations. A promising start with the new U.S. Administration is beginning to ebb as high-level initiatives have been delayed and Brazil has staked out positions at odds with USG views on such issues as Honduras, Colombia/Venezuela, Iran, non-proliferation, and the Middle East peace process. At the same time, as Brazil continues its rapid transformation from a regional to a global power, USG engagement with Brazil has continued to expand on a growing range of issues of importance to the United States, including global trade and finance, climate change, alternative fuels, regional energy integration, food security, UN Security Council matters, and trilateral cooperation in Haiti, Africa and elsewhere. The GOB remains eager to deepen bilateral engagement, and the possibilities to expand our productive economic engagement into other areas remain ample. As the Lula Government heads into its final year, your visit provides the opportunity to provide new impetus to the still-considerable positive momentum in our relationship, and to lay the groundwork for a more strategic partnership with a new Brazilian government.

A Rapidly Emerging Global Power...

[¶2.](#) (SBU) Brazil's status as one of the world's top-ten economies has received a boost over the past year from the continuation of solid economic management and better-than-expected performance through the global financial crisis and economic downturn. Brazil's growing economic clout and potential for an estimated 5% annual GDP growth during the next several years, combined with an aggressive effort by the Lula government to increase the country's international reach and the new prominence on the multilateral agenda of issues such as climate change on which Brazil is a necessary player, is encouraging this former global wallflower to make its presence felt on the world stage in ways that would have seemed unlikely only a decade ago.

[¶3.](#) (SBU) Brazil's ascendancy is being driven by a strong and still strengthening democracy, a more open and stable economy, a competitive inward- and outward-looking private sector, a deepening

S&T capability, and an ample natural resource base. Brazil is now the world's third largest agricultural exporter after the United States and the European Union and the second-largest issuer of ADRs on the New York Stock Exchange. Already a global leader in alternative fuels and self-sufficient in oil, recent discoveries of offshore (so-called "pre-salt") oil, while difficult to exploit, give Brazil the potential to become a major global oil producer and exporter over the next decade. Over the past two years, Brazil has played a critical role in shaping the international economic system through its participation in the Doha Round and its leadership in the G20. Brazil is making a transition from a recipient to a provider of assistance, mostly through technical cooperation. Brazil officially became an IMF "creditor" country this year and has pledged to increase its contribution to the IMF. (For additional background on Brazil's economy and economic positions, see the scenesetter for the bilateral Economic Policy Dialogue, reftel.)

14. (C) Under Lula, the GOB has dramatically increased its contacts with and presence in Africa, Asia (including North Korea), and the Middle East (especially Iran), opening some 48 posts abroad over the last seven years and increasing its diplomatic corps by 50%. While maintaining its focus on South American integration through MERCOSUL and UNASUL-institutions largely of its making--and preserving its longstanding multilateral encounters with the United States through the Summit of the Americas, with the EU through both regional and bilateral dialogues, and with Spain and Portugal through the Ibero-American Summit, Brazil has been the driving force behind a series of new multilateral gatherings, including the BRIC (Brazil, Russia, India, China), IBSA (India, Brazil, South Africa), ASSA (Southern Africa-South America), ASPA (South

America-Arab Countries), and CALC (Summit of Latin America and the Caribbean). Brazil's top foreign policy priority remains obtaining a seat on the UN Security Council and, as it takes its place in January as a non-permanent UNSC member for the tenth time, it is aware that its actions will be closely watched.

15. (C) Brazil has begun to take more visible and assertive positions on a broader range of issues of interest to the United States--sometimes helpfully, often not. Brazil's participation in the Doha Round, G20 talks, and, more recently, the preparations for the UNFCCC COP-15, has been serious and generally constructive. Unlike the other two giant emerging economies, China and India, Brazil is bringing to Copenhagen a goal to reduce its greenhouse gas emissions: a reduction of between 36-39% by 2020 compared with "business as usual," which translates to about a 25% decline compared with 2005. (The USG is proposing a 17% decline for 2020 compared with 2005.) Brazil's own military and civilian nuclear programs have made it more difficult to work with on non-proliferation, and have led to the GOB's refusal to sign an Additional Protocol and lop-sided advocacy of Iran's rights to civilian nuclear technology. Even further from Brazil's historical interests, high-level exchanges of visits with Iran and increasingly intense engagement in the Middle East peace process are among recent high-profile forays into new areas of global import. Statements on North Korean missile tests, China's crackdown in Tibet, and elections in Zimbabwe are other instances where Brazil has stepped into new territory.

...With the Emphasis on "Emerging"

16. (C) If Brazil's rapid emergence on the global stage is unquestionable, it is also true that it is very much still emerging. Brazil's clear sense of purpose in South America, where the overriding importance of maintaining stability on its poorly protected borders has led to an emphasis on dialogue and integration with its ten neighbors, is not in evidence on most extra-regional issues. Brazil's objective in achieving a seat at the table on many global issues seems to stop at the seat itself. In part, this stems from a general Brazilian disposition to prefer dialogue with other countries to confrontation or isolation. It is also driven by Lula's determination to develop and maintain friendly relations with all global players as Brazil seeks a permanent seat on the UN Security Council. The end result is that Brazil often remains reticent to take firm positions on key global issues and generally seeks ways to avoid them. More often than not, the GOB eschews positions of leadership that might require

overtly choosing sides. Its discomfort with the spotlight has been on full display in the aftermath of the Honduras coup: thrust into the center of the crisis when President Zelaya appeared on its embassy doorstep, Brazil did very little to extricate itself or to actively pursue a resolution, instead handing responsibility to the United States.

17. (C) Less obviously, Brazil remains uncomfortable in its leadership on MINUSTAH. To the constant refrain of "we cannot continue this indefinitely," Brazil has been increasingly insistent that international efforts to promote security must go hand in hand with commitments to economic and social development—a theme it will take to the UNSC in January. Brazil maintains a frustrating double-standard on democracy and human rights. Although a founding member of the Community of Democracies and Partnership for Democratic Governance, Brazil rarely stands firm on these issues; even its stubbornly rigid support of Zelaya (more so than democracy) in Honduras stands in stark contrast to Lula's unquestioning acceptance of Iranian President Ahmadinejad's re-election. And in the wake of what it considered a near-disastrous brush with election observation in Zimbabwe last year, the GOB has opted to focus on technical cooperation related to running elections, in lieu of observing them. In the UN, Brazil generally chooses to abstain even on resolutions regarding the most egregious human rights abuses—such as those in Iran, North Korea, and Sudan—unless it considers evidence of non-cooperation with international human rights bodies to be clear-cut (as in Burma, for example).

18. (C) Where Brazil's policy is not hesitant, it is often ill-informed or straight-jacketed by the policies of the past. As it steps out on Middle East issues, the GOB does so with a lack of expertise on the region. Inclined to take assertions from the Syrians, Iranians, and Hizbullah at face value, it insists that peace can be achieved only if all players are at the table, and seeks to position itself as a neutral party, "the country who can talk to everyone," over against what it perceives as the biased U.S. and European efforts. This penchant for dialogue stands together with respect for sovereignty and non-intervention in internal affairs as the hallmarks of Brazilian foreign policy. But as Brazil plays in a growing number of international arenas, it is finding it more difficult to remain true to these principles, and more difficult to hide its inconsistencies.

19. (C) Brazil's uneven foreign policy is mirrored by continued growing pains at home. Impressive strides over the last twenty years in establishing stable democratic institutions are tarnished by a dysfunctional judicial system, lack of enforcement capability, and persistent and widespread corruption. Even as Brazil's middle class continues to grow, the income gap remains significant and the country is still home to the largest number of poor in the hemisphere, with some 50 million concentrated in the northeast. Brazil's successful multinationals and vibrant entrepreneurial class are constrained by an inhospitable business climate, a costly and intrusive but inefficient government bureaucracy, R&D spending that focuses on producing articles for publications rather than innovation, and inadequate national transportation, communications, and energy infrastructure networks. Although it is heading to Copenhagen with an ambitious proposal to reduce greenhouse gas emissions and the lowest rates of deforestation on record, the GOB has made very little headway in straightening out the land ownership issues in the Amazon (where only about four percent of the land is clearly titled) or in providing sustainable economic activities for the more than 25 million people living in the region. Without resolving those issues, the pressure to clear the Amazon to support one's family will remain as great as ever. Though proud of its status as a "melting pot" in which different cultures and races exist side-by-side, racism remains a real and largely unacknowledged problem, and Brazil's indigenous population of some 700,000 individuals, scattered across the country in 225 different societies, continues to suffer from prejudice, violence, and marginalization.

110. (C) Nonetheless, Brazil continues to make progress across the board. Although the average Brazilian remains inward-looking and often ignorant of world developments, a burgeoning public interest in the United States has made Brazil one of the four largest

visa-issuing and -adjudicating U.S. missions worldwide. Brazil continues to struggle with unresolved military dictatorship-era human rights violations, but is nonetheless moving successfully to reintegrate the military into the mainstream of national policy. Organized crime, urban murder rates often ten times those in the most violent U.S. cities, and the second largest consumption of cocaine in the world are in need of urgent attention, but Brazil's professional, well-trained Federal Police works as an effective partner with USG law enforcement agencies. Public education remains sub-standard, the Landless Movement (MST) continues to attract the rural disenfranchised, and the government is largely absent from the favelas of Sao Paulo, Rio de Janeiro, and other major cities, whose millions of residents are often caught between criminal gangs and corrupt civil and military (uniformed) police. But Brazil has developed innovative social programs, and its Bolsa Familia conditional-transfer program is considered an international example.

#### Relations with the United States: Can Brazil Overcome Its Inferiority Complex?

¶11. (SBU) This Mission has been saying in its scenesetters that bilateral relations are as good as they have ever been—certainly in decades. This is true, and the evidence is ample: a burgeoning set of government-to-government dialogues covering economic, commercial, scientific, defense, and foreign policy has led to rapidly expanding cooperation: an MOU on biofuels cooperation,

increased numbers of joint exercises between our militaries, trilateral cooperation in Africa and Haiti on such issues as health, food security, and institutional strengthening, and an innovative agreement to fight racial and ethnic discrimination.

¶12. (C) At the same time, we face significant historical baggage in the way Brazil's foreign policy establishment views the United States, which slows our ability to build a fully cooperative relationship with Brazil. Much of Brazil's foreign policy establishment remains cautious and mistrustful toward the United States. Bilaterally, a growing and pragmatic interest in cooperating with the United States on a range of technical and practical issues is often caught up in fears that Brazil will lose sovereign control or will find itself a junior partner on its own soil to better funded, staffed, and organized USG partners. This has led to persistent problems with visas for U.S. law enforcement agencies (particularly, but not exclusively, on counterterrorism issues), refusal to accept USG assistance, and seemingly unreasonable demands and strictures on various types of cooperation. More concerted Mission efforts to reach out to non-traditional executive branch agencies and non-executive branch partners—state and municipal governments, the judiciary, prosecutors, legislators, the private sector, and civil society—have sometimes been greeted with concern, suspicion, and occasional opposition by a Foreign Ministry jealous of its historical lead on all international issues and self-designated role as both definer and protector of Brazil's national interests vis-C -vis the world.

¶13. (C) Within South America, Brazil sees the United States as a competitor and remains deeply suspicious of our motives and intentions. Although the notion that the United States harbors plans to invade or internationalize the Amazon or to seize Brazil's offshore oil may seem preposterous to Americans, concerns about such plans surface regularly among senior Brazilian officials, academics, and journalists, and are only the most outlandish manifestation of generalized mistrust and insecurity with regard to the United States presence in the region. Brazil's reaction to the U.S. base agreement with Colombia reflected, in large measure, just such concerns, as have its veiled efforts to scuttle the 3+1 Security Dialogue with Paraguay and Argentina. The United States is not the only one subject to the Brazilian mistrust; The GOB now requires all NGOs operating in the Amazon region to be registered and has tightened controls related to land ownership by foreigners in the area.

¶14. (C) Outside South America, Brazil's discomfort with the United States is less in evidence, but it is careful to avoid any suggestion that it is toeing a U.S. line, is intent on avoiding situations in which it might be perceived as a junior partner, and



tends to see an "independent" position-i.e., independent of the United States in the first instance, and wealthy countries more generally-as the preferred default. Nor does Brazil want to be lumped in with the mass of developing countries. In multilateral settings, Brazil prefers to position itself as a "bridge" between the wealthy and developing nations. In cooperating with us in Africa, it has been careful to limit cooperation to those areas where it can act plausibly as an equal partner. Across the board, engagement with the United States has been pragmatic, rather than strategic. As it looks for strategic partners, Brazil is showing a clear preference for other "independent" emerging powers-South Africa, Turkey, Ukraine, Iran, China, India-and for one "independent" world power: France. This (long-standing) affinity for the French, which has been amply reciprocated by President Sarkozy and his government, has been most evident in the FX-2 fighter competition, in which both Lula and Defense Minister Nelson Jobim have expressed a clear preference for the French aircraft despite Brazilian Air Force evaluations that show the clear superiority and cheaper price of the U.S. fighter.

#### An Eager Brazil Gives Us the Opportunity to Invest for the Long-Term

¶15. (SBU) In spite of their reticence, Brazilians continue to show a genuine interest in deepening relations with the United States.

Economic issues are proving to be the easiest pathway to more productive engagement with the GOB, both because, as a large emerging economy, Brazil is beginning to have a natural seat at the table and because the GOB sees most easily how global economic issues directly impact its own well-being and national security. The GOB has shown itself a willing partner in efforts on bilateral investment and trade issues that will increase business opportunities, job growth, and economic development. At the same time, we are cooperating with Brazil to address the regulatory, legal and infrastructure challenges that constrain Brazil's growth and social inclusion goals and hurt U.S. exporters and investors.

¶16. (C) We are also building these partnerships with the goal of promote regional and global economic and social inclusion goals--among them, addressing the global financial crisis, opening trade, and stimulating cooperation on economic development. Brazil's interest in taking on a mantle of global economic leadership offers numerous opportunities for engagement, as we encourage Brazil to take on increasingly responsible roles globally. As always, it is important to frame approaches to the GOB as a partner, and not a junior partner. However, constructive engagement in the G20 has given Brazil increased confidence that it can and should engage in issues outside its own borders, and the GOB takes deserved pride in having overcome many experiences (previous financial crises, addressing GINI inequalities, infrastructure impact on growth, etc) common to developing country, and sees itself as uniquely placed to use its "lessons learned" to help other developing countries tackle their own challenges. The GOB has been receptive to partnering with us on development cooperation, including a newly developing initiative in Mozambique and Haiti on agriculture, health and infrastructure development. We continue to work with Brazil to build consensus for WTO trade liberalization; to promote enhanced cooperation in fora such as OECD, WHO, and ICAO; and to create the conditions for global development and prosperity.

¶17. (C) Our economic engagement provides a bridge to building our relationship with the GOB on other issues. Although they generally require more careful groundwork and legwork to ensure success, the possibilities to do so remain ample. In a country that seeks nothing so much as recognition of its "rightful" place on the international stage, there is widespread understanding that no other country can legitimize Brazil's aspirations in so meaningful a way as the United States. More immediately, the prospect for advancing beyond a pragmatic partnership received a significant boost with the election of President Obama. Although Brazilians generally admire the United States and maintain a strong interest in our culture and politics, from President Lula to the man on the street they see in the President a kindred spirit whom they are eager to engage. The Administration's early statements and actions with regard to Latin America-the President's meeting with UNASUL and efforts to reach out at the Summit of the Americas, the spirit

of negotiation at the OAS General Assembly, efforts to reinstitute dialogue with Cuba, Venezuela, and Bolivia-were all well received in Brazil, and heightened expectations of an even closer relationship. Brazilian officials were impressed by what they heard from General Jones, Under Secretary Tauscher, and other senior officials during their visit in August.

¶18. (C) In the intervening months, both official and non-official Brazilians have become increasingly disappointed with what they perceive as a lack of attention from the United States. While acknowledging that the United States has pressing domestic and international priorities, Brazilians feel more than ever that their successes-their performance through the financial crisis, constructive engagement in the WTO and Copenhagen, creative social programs, and even their successful bids for the 2014 World Cup and the 2016 Summer Olympics-have earned them a more prominent place on the U.S. agenda. With regard to the GOB in particular, the Colombia bases problem seemed to be evidence of a lack on the part of the USG both of transparency in our dealings in the region and of consideration regarding matters that have a direct impact on Brazil's security. Although initially pleased with the USG response to the coup in Honduras, and despite having publicly insisted the problem was ours to resolve, the GOB saw our position

in support of Honduran democratic process (rather than a firm insistence on Zelaya's restoration) as a step away from consensus-building in the region.

¶19. (C) Despite this frustration, the GOB remains eager to engage, and holds out continued hope that Brazil will receive a visit from President Obama in the coming months. The Foreign Ministry is in the process of creating and increasing staffing for a higher level department (equivalent to a Department of State bureau) to handle United States, Canada, and Inter-American Affairs. Uncharacteristically, the Foreign Ministry has extended a series of new offers and taken up others it has long delayed: it is eager to launch the proposed high-level dialogue, has sought to replicate the success of the Joint Action Plan to Fight Racial Discrimination by proposing an MOU on gender issues, is moving forward on a Defense Cooperation Agreement, Pol-Mil talks, trilateral cooperation in Haiti and Africa, and a Tropical Forest Conservation Act agreement, has offered an MOU on climate change, and has expressed repeated interest in establishing joint counternarcotics cooperation with Bolivia. While getting to yes on these initiatives will undoubtedly require the same patience and care to avoid Brazilian sensitivities that mark almost all of our daily interactions with the GOB, the evident interest at senior levels of the presidency and foreign ministry in building up the relationship should help smooth the way over the next months.

¶20. (C) As keen as they are to cultivate the Obama Administration, GOB officials are also driven by the knowledge that their timeframe for making meaningful progress is short. There is little more than a year left of the Lula government; only ten months until elections for president, all 27 governors, two-thirds of the senate, and all federal and state deputies; just over six months before official campaigning begins; and less than four months until ministers who intend to run for office-perhaps as many as half of Lula's cabinet-must resign. This election-year calendar will be further complicated by the traditional slowdown during Brazil's extended summer/Christmas/Carnival break. Nonetheless, the continuity provided by Brazil's influential diplomatic corps and the likelihood of broad continuity on both foreign and domestic policy under either of the two strongest contenders to succeed Lula on January 1, 2011 means that initiatives put into place now will lay the groundwork for the new Brazilian government.

¶21. (C) The GOB will be looking for signs in your visit that USG interest in engaging Brazil as a global partner has not waned. While GOB officials are unlikely to give on the issues that have proved contentious over the last months, they will value the opportunity to explain their views, will want to hear the Administration's perspective and aspirations with regard to Brazil, and will seriously entertain suggestions for additional engagement. Your visit provides the opportunity to forge a durable working relationship over the next year and to lay the foundation for a strategic bilateral relationship with the next Brazilian government that will also be essential to influencing the direction of

Brazil's development as a maturing global actor.  
KUBISKE